

1                               **BEFORE THE ARIZONA CORPORATION COMMISSION**

2                               **COMMISSIONERS**

3                               MARC SPITZER, Chairman  
4                               WILLIAM A. MUNDELL  
5                               JEFF HATCH-MILLER  
6                               MIKE GLEASON  
7                               KRISTIN K. MAYES

In the matter of:	)	DOCKET NO. S-03545A-03-0000
	)	
CHRIS HUGH RUTLAND	)	<b>NOTICE OF OPPORTUNITY FOR</b>
(CRD #1898966)	)	<b>HEARING REGARDING PROPOSED</b>
4781 West Ferret Drive	)	<b>ORDER OF REVOCATION AND FOR</b>
Tucson, Arizona 85742	)	<b>OTHER AFFIRMATIVE ACTION</b>
	)	
Respondent.	)	
	)	

11                               **NOTICE: RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

12                               **RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

13                               The Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”)  
14 alleges that facts exist which warrant revocation of RESPONDENT’S registration as a securities  
15 salesman in Arizona, and that RESPONDENT has engaged in acts, practices and transactions, which  
16 constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*

17                               **I.**

18                               **JURISDICTION**

19                               1.       The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona  
20 Constitution and the Securities Act.

21                               **II.**

22                               **RESPONDENT**

23                               2.       Chris Hugh Rutland (“Rutland”) has been a registered securities salesman in Arizona.  
24 From May 6, 1997 to June 1, 2001, Rutland was registered in Arizona and associated with Northeast  
25 Securities, Inc., based in Mitchelfield, New York (“Northeast”). On June 1, 2001, Rutland was  
26 permitted to resign from Northeast, and since that time he has not been associated with a dealer. Rutland

1 was also employed by Jaron Equities Corporation of Hicksville, New York (“Jaron”) from October  
2 1995 to February 1997, before being registered in Arizona. Rutland’s last known address is 4781 West  
3 Ferret Drive, Tucson, Arizona 85742.

### 4 **III.**

#### 5 **FACTS**

6 3. Effective March 12, 2003, the National Association of Securities Dealers (“NASD”)  
7 entered an order in NASD Docket/Case Number 8210-3A020005 barring Rutland from any association  
8 with any NASD member in any capacity.

9 4. The NASD took that action because Rutland had failed to respond to an NASD request  
10 for documents and/or information pursuant to a suspension notice issued in September 2002. The  
11 suspension resulted from a complaint the NASD received on July 20, 2001, from an elderly woman who  
12 lived in the northeastern United States.

13 5. The NASD is a self-regulatory organization (“SRO”) in the securities industry; it is  
14 registered as an SRO under the Securities Exchange Act of 1934. Accordingly, Rutland is “subject to an  
15 order of . . . an SRO . . . revoking membership or registration as a broker” as specified in A.R.S. § 44-  
16 1962(A)(8).

17 6. In a separate action arising from the same facts as the above-described complaint, a  
18 federal grand jury in the District of New Jersey indicted Rutland for Conspiracy to Defraud. Following a  
19 trial in the District of New Jersey, a jury convicted Rutland in March 2003. He was sentenced to fifty  
20 one (51) months in federal prison and three years of supervised release, was ordered to pay restitution to  
21 the individual victim in the amount of \$553,867.72, and was ordered to have no further involvement in the  
22 financial advising business.

23 7. The Division conducted an investigation which revealed that Rutland, along with a co-  
24 conspirator who was also convicted, conspired to defraud an elderly New Jersey/New York woman of  
25 money and property by means of materially false pretenses, representations, and promises, through the  
26 use of mail and electronic fraud, which resulted in the takeover and control of the victim’s bank accounts

1 and investments. Rutland, acting as the victim's investment advisor, gained access to her assets, in the  
2 process putting himself in a position to prepare her tax returns for the years 1996 through 2000. Rutland  
3 liquidated the victim's assets, placed them into annuities and money market accounts, and submitted false  
4 documents changing asset ownership to the co-conspirator, who systematically withdrew the funds for  
5 the benefit of Rutland and the co-conspirator, to the point where the victim's funds were nearly or entirely  
6 depleted.

7 8. The conspiracy began in or about 1991 and continued through or about May 2001. The  
8 conspiracy included assets the victim owned in both insurance and securities accounts. Sixteen overt acts  
9 outlined in the indictment essentially resulted in the co-conspirators depleting the victim's various  
10 investment accounts. One specific overt act alleges that Rutland, presumably after the conspiracy was  
11 exposed, claimed not to know his co-conspirator, and blamed clerical errors for the appearance of the  
12 co-conspirator's name on the victim's accounts.

#### 13 IV.

#### 14 REVOCATION PURSUANT TO A.R.S. § 44-1962

#### 15 (Denial, Revocation or Suspension of registration of Salesman)

16 9. The facts alleged above constitute grounds to revoke Rutland's registration as a securities  
17 salesman with the Commission pursuant to A.R.S. § 44-1962. Specifically, Rutland:

18 a) Is subject to an order of an SRO revoking his membership or registration as a  
19 broker, as specified in A.R.S. § 44-1962(A)(8);

20 b) Lacks integrity or is not of good business reputation, as specified in A.R.S. § 44-  
21 1962(A)(4);

22 c) Has engaged in dishonest or unethical practices in the securities industry, as  
23 specified in A.R.S. § 44-1962(A)(10); and/or

24 d) Has been convicted within ten years preceding the date of filing the application  
25 for registration as a salesman, or at anytime thereafter, of a felony or misdemeanor involving a  
26

transaction in securities, of which fraud is an essential element or arising out of the conduct of any business in securities, as specified in A.R.S. § 44-1962(A)(6).

**V.**

**REQUESTED RELIEF**

The Division requests that the Commission grant the following relief against Rutland:

1. Order the revocation of Rutland's registration as a securities salesman pursuant to A.R.S. § 44-1962; and
2. Order any other relief that the Commission deems appropriate.

**VI.**

**HEARING OPPORTUNITY**

RESPONDENT may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306.

**If any RESPONDENT requests a hearing, the RESPONDENT must also answer this Notice.**

A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Rutland must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Yvonne L. McFarlin, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-mail

1 [ymcfarlin@cc.state.az.us](mailto:ymcfarlin@cc.state.az.us). Requests should be made as early as possible to allow time to arrange the  
2 accommodation.

3 **VII.**

4 **ANSWER REQUIREMENT**

5 Pursuant to A.A.C. R14-4-305, if RESPONDENT requests a hearing, RESPONDENT must  
6 deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona  
7 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after  
8 the date of service of this Notice of Opportunity for Hearing. A Docket Control cover sheet must  
9 accompany the Answer. A cover sheet form and instructions may be obtained from  
10 Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at  
11 [www.cc.state.az.us/utility/forms/index.htm](http://www.cc.state.az.us/utility/forms/index.htm).

12 Additionally, RESPONDENT must serve the Answer upon the Division. Pursuant to A.A.C.  
13 R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the  
14 Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007, addressed to  
15 Kathleen Coughenour DeLaRosa.

16 The Answer shall contain an admission or denial of each allegation in this Notice and the original  
17 signature of each RESPONDENT or RESPONDENT'S attorney. A statement of a lack of sufficient  
18 knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be  
19 considered admitted.

20 When RESPONDENT intends in good faith to deny only a part or a qualification of an allegation,  
21 RESPONDENT shall specify that part or qualification of the allegation and shall admit the remainder.  
22 RESPONDENT waives any affirmative defense not raised in the answer.

23 . . .

24 . . .

25 . . .

26 . . .

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

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